

SETTING THE RECORD STRAIGHT: SOCIAL SECURITY Q&A

During question and answer sessions with your neighbors, constituents are likely to ask a variety of tough questions and make some potentially critical comments—many of them based on false information disseminated by the opponents of change.

Below is a list of possible questions and comments along with some responses that have worked in similar settings:

Comment: It seems to me that you just want to privatize Social Security.

Response: I want to create a system of personal accounts for younger workers to go along with Social Security's guaranteed benefit. Congress has borrowed from the trust fund in the past, and should be prevented from doing so in the future. This reform goes far towards doing that.

Comment: The Congressional Budget Office says that Social Security will have enough money to pay full benefits until 2052, and then enough to pay 80% of benefits after that.

Response: Most people believe it will run out of money sooner. The time to act is now.

Question: Can't we fix Social Security by making moderate adjustments?

Response: I agree. We need to make moderate adjustments, just like the ones we're discussing today. We can't keep postponing solutions.

Comment: Wall Street and the fat cat lobbyists are for the President's plan.

Response: When I'm sick, I'm OK paying my doctor to help me get well. It's the same thing for planning for retirement. I'm fine with paying someone to help me manage my money as long as I know I will be financially secure when I get old.

Comment: We should raise the cap on payroll taxable wages to \$150,000+.

Answer: Why raise the cap when Congress will just spend the money on other programs, just like it does now with the trust fund?

Comment: The President is proposing massive benefit cuts, up to 46% for today's younger workers.

Response: When a program is scheduled to grow at one rate, and you propose to have it grow at a slower rate or not at all, that is not a benefit cut. It's important when structuring benefits to ensure the elderly are protected from inflation. This reform keeps that protection. Social Security benefits should be fair and consistent from one generation to the next.

Comment: This plan puts a huge burden on our children and grandchildren. The transition to the new system will cost \$2 trillion over the next decade.

Response: Failing to implement this plan will put an even bigger burden on our children and grandchildren as more and more Baby Boomers retire.

Comment: The President’s plan is a bad bet. Instead of knowing how much you get when you retire, you will completely at the mercy of the stock market. They will cut the benefits of everyone who takes part in privatization. Estimates are that half of all workers would end up worse off than in the current system.

Response: You will have the choice of voluntarily investing a portion of your Social Security taxes in just a handful of bond and stock funds. No one is forcing anyone to participate in this new program.

Question: What about people who do not know how to invest?

Response: First, we won’t let people take their accounts to Las Vegas to shoot dice. Second, there will only be a handful of safe investment choices. Third, we should offer citizens basic investment courses presented by local Social Security Administration officials and respected financial educators.

Among the small number of safe bond and stock funds younger workers can actively select from, one of these will be an “automatic” option. If you are not comfortable making investing decisions yourself, you can choose this particular option, and the investment decision will be made for you, based upon where you are in the life cycle.

Comment: If this plan goes forward, drastic changes will go into effect very soon.

Response: These changes will be phased in gradually, over the course of many years. Making sudden changes would be wrong. It would be unfair to all those Americans who have been promised benefits.

Comment: It seems like this is just tossing out the old Social Security system and replacing it with a totally new one.

Response: We must make adjustments to keep Social Security working for the next several decades, but we certainly don’t need to replace it entirely.

Question: If we can’t trust politicians to balance the budget, how can we trust them to fix Social Security?

Response: You’re right. We can’t trust Congress to keep its sticky fingers out of the cookie jar. That’s why more of your retirement money has to stay in your hands, not the government’s.

Question: What about the effects of changing Social Security on those of us who are in our late 40’s or early 50’s?

Response: Just because people over 55 won’t be effected, doesn’t mean people right under 55 will be dramatically effected. Small difference in age will mean only small changes to you.

Comment: I heard I might be forced to buy an annuity when I retire with the money in my personal account. It doesn’t sound like it is really my account if the government is telling me exactly what to do with it.

Response: This annuity protects people from blowing all their money at once when they retire—and forcing the rest of us to bail them out. As long as your Social Security benefit, plus the annuity, add up to a guaranteed monthly benefit, you can do whatever you want with the surplus in your personal account.